

Message Text

LIMITED OFFICIAL USE

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ACTION STR-07

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AF-10 ARA-10
EUR-12 NEA-11 OIC-02 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15
AGR-05 /174 W

-----127130 191751Z /72

P 191731Z JUN 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 1040

INFO AMCONSUL HONG KONG

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 09286

USMTN

ACTION STR PASS ELECTRICALLY

STR PASS CODEL

E.O.11652:N/A

TAGS: MTN, ETRD, HK

SUBJECT: CONTRIBUTIONS FROM HONG KONG

REF: GENEVA 04330

1. SUMMARY. IN BILATERAL REVIEW OF MTN, HONG KONG DEL APPEARED INTERESTED IN MAKING WHATEVER CONTRIBUTIONS POSSIBLE IN ORDER TO OBTAIN IMPROVEMENT OR MAINTENANCE OF U.S. OFFER. HK DEL REQUESTED CLARIFICATION OF EXISTING U.S. REQUESTS TABLED IN TROPICAL PRODUCTS. POSSIBILITY OF REDUCING SLIGHTLY DISCRIMINATORY TAX ON BEER AND CIGARETTES AND CIGARS(VIS-A-VIS UNMANUFACTURED TOBACCO) ALSO RAISED. END SUMMARY.

2. MTN DEL (WHITE AND ADDUCI) MET ON JUNE 16 WITH HONG
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KONG DEL (TSAO ET AL) FOR REVIEW OF MTN REQUESTS AND OFFERS. WHILE RECOGNIZING HONG KONG'S CONCERN WITH THE SAFEGUARDS CODE, U.S. URGED HONG KONG AS A MAJOR TRADING COUNTRY TO JOIN ALL THE CODES. HK DEL STATED THAT WHILE THEY COULD NOT GIVE ADVANCE NOTICE OF THEIR POSITION, BECAUSE OF THE NEED FOR PARLIAMENTARY APPROVAL, THEY WERE PARTICIPATING IN MOST OF THE CODE DISCUSSIONS ON A

POSITIVE BASIS. THEY QUESTIONED, HOWEVER, WHETHER THE
USG REALLY WANTED HONG KONG TO JOIN THE GOVERNMENT PROCURE-
MENT CODE.

3. DISCUSSION OF OTHER FORMS OF RECIPROCITY REVEALED
POSSIBILITY OF ELIMINATING DISCRIMINATORY DUTIES ON THE
FOLLOWING LIQUORS ON THE LIST AIRPOUCHED MARCH 22 TO
LANDE, KRIST AND STATE EB/TA:

-	HK	OTHER
BEER, EXCEPT CIDER AND PERRY, NOT EXCEEDING		
1055 DEGREES ORIGINAL GRAVITY	2.70	3.40
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AND IN ADDITION EVERY DEGREE BY WHICH THE
ORIGINAL GRAVITY EXCEEDS 1055 DEGREES .07 .08

ETHYL ALCOHOL	8.75	9.90
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IT WAS ALSO NOTED THE EFFECTIVE DUTY ON TOBACCO PRODUCTS
DISCRIMINATES IN FAVOR OF UNMANUFACTURED TOBACCO COMPARED
TO CIGARETTES AND CIGARS. THE DUTY RATE PER POUND ON
UNMANUFACTURED TOBACCO IS \$14.90 WHILE THE RATE FOR CIGARS
IS \$19.80 AND CIGARETTES \$20.15.

4. HK DEL INQUIRED AS TO CURRENT U.S. INTEREST IN
PREVIOUS REQUESTS OF HONG KONG, NOTABLY THE LICENSING
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REQUIREMENTS ON FIREARMS, AND OUR REQUEST ON VENDING
MACHINES.

5. IN BRIEF EXCHANGE WITH ADDUCI ON SAFEGUARDS, TSAO,
WHO HAD DAY BEFORE BEEN GIVEN COPY OF INTEGRATED TEXT
CHAPTER ON MFN/SELECTIVITY PREPARED BY U.S., JAPAN, AND
EC, SAID DRAFT CONFIRMED HIS WORST FEARS ON QUESTION OF
SELECTIVITY AND PREDICTED SAME REACTION FROM OTHER LDC'S.
ADDUCI DOUBTED THAT DC VIEWS COULD REALLY HAVE COME AS A
SURPRISE TO LDC'S, NOTED DRAFT REFLECTS WIDE DIVERGENCE IN
DC APPROACHES TO SELECTIVE ACTION, AND THAT MUCH STILL
REMAINED TO BE NEGOTIATED, AND ENCOURAGED HONG KONG TO
DEFER FINAL JUDGMENTS UNTIL CONTENT OF WHOLE SAFEGUARD
PACKAGE IS KNOWN.

6. TEXTILES -- IN APPARENT REFERENCE TO CONVERSATION WITH
U.S. TEXTILE NEGOTIATORS REGARDING HONG KONG'S REAL INTE-
REST IN TEXTILE TARIFF (SEOUL 1281), TSAO STATED THAT
HONG KONG WAS EXTREMELY INTERESTED IN U.S. TARIFF REDUC-
TIONS ON TEXTILES. ACCORDING TO TSAO, THE EARLIER DISCUS-
SION WAS PUT TO HIM IN TERMS OF POSSIBLY LOWERING DUTIES
IN EXCHANGE FOR A TIGHTER QUOTA. HIS RESPONSE WAS THAT

HE WAS NOT INTERESTED IN SUCH AN EXCHANGE, I.E., TARIFF
REDUCTIONS WERE NOT AS IMPORTANT AS THE QUOTA LEVEL.
TSAO SAID HONG KONG VIEWS THE MTN AS A SEPARATE NEGOTIATION
AND IT IS HONG KONG'S LONG TERM INTEREST TO HAVE LOWER
U.S. TEXTILE TARIFFS.

7. ACTION REQUESTED: MTN DEL WOULD APPRECIATE GUIDANCE
ON THE FOLLOWING:

(A) ALCOHOL AND TOBACCO -- IT APPEARS THAT HONG KONG
WOULD BE WILLING TO ELIMINATE DISCRIMINATORY ALCOHOL
AND CIGARETTE TAXES AS CONTRIBUTION TO MAINTENANCE OF
U.S. OFFER. WASHINGTON SHOULD CONSIDER WHETHER WE WISH
TO MAKE SUCH A REQUEST IN VIEW OF POSSIBLE CHANGES TO
U.S. TEXTILE OFFER.
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AGR-05 /174 W

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FM USMISSION GENEVA
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(B) FIREARMS -- MTN DEL RECORDS INDICATE PREVIOUS TP

DISCUSSION REVEALED HONG KONG FIREARMS REGISTRATION
RELATIVELY AUTOMATIC, BUT THAT USG HAD HINTED THAT
PERHAPS SOME MORE LIBERAL SYSTEM COULD BE DEvised WHICH
WOULD STILL MAINTAIN HONG KONG'S PUBLIC SAFETY AND
RELATED REQUIREMENTS (SEE GENEVA 4252, 6/2/76). DOES USG
HAVE ANY IDEAS IT WANTS TO PURSUE ON THIS?

(C) AUTOMATIC VENDING MACHINES -- U.S. DEC. 16, 1977
INDICATIVE LIST OF EXPORT INTERESTS TO HONG KONG
INCLUDED ONLY AUTOMATIC VENDING MACHINES, NOT BEING GAMES
OF CHANCE. INQUIRY IN HONG KONG (SEE HK 14910, DEC. 2,
1977) AND GENEVA REVEALED RESTRICTIVE LICENSING ONLY
REQUIRED ON PINBALL OR SLOT MACHINES. SINCE WE DID NOT
PRESENT HONG KONG WITH A REVISED INDICATIVE LIST IN
MARCH 1978, IS MTN DEL TO PRESUME THAT THE VENDING
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MACHINE REQUEST HAS BEEN DROPPED?

9. DRAFTED BY WHITE. CULBERT

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Secure: OPEN
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TAGS: ETRD, HK, MTN
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